FORM: Half yearly/~~preliminary final~~ report

Name of *issuer*

JOHN BRIDGEMAN LIMITED

	Half yearly (tick)	~~Preliminary final (tick)~~	Half year/~~financial year~~ ended ('Current period')
55 603 477 185	✓		**31 December 2017**

For announcement to the market
Extracts from this statement for announcement to the market *(see note 1)*.

				$A,000
Revenue *(item 1.1)*	up/~~down~~	1140%	To	26,076
Profit (loss) for the period *(item 1.9)*	~~up~~/down	n/a%	to	(4,888)
Profit (loss) for the period attributable to members of the parent *(item 1.11)*	~~up~~/down	n/a%	to	(2,283)

Dividends	Current period	Previous corresponding period
Franking rate applicable:	N/A	N/A
Final dividend *(preliminary final report only)(item 10.13-10.14)* Amount per *security* Franked amount per *security*	N/A	N/A
Interim dividend *(Half yearly report only) (item 10.11 – 10.12)* Amount per *security* Franked amount per *security*	N/A	N/A

Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

N/A

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security:	$0.52	$0.98

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

   Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement does give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

   - ☐ The financial statements have been audited.
   - ☑ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
   - ☐ The financial statements are in the process of being audited or subject to review.
   - ☐ The financial statements have *not* yet been audited or reviewed.

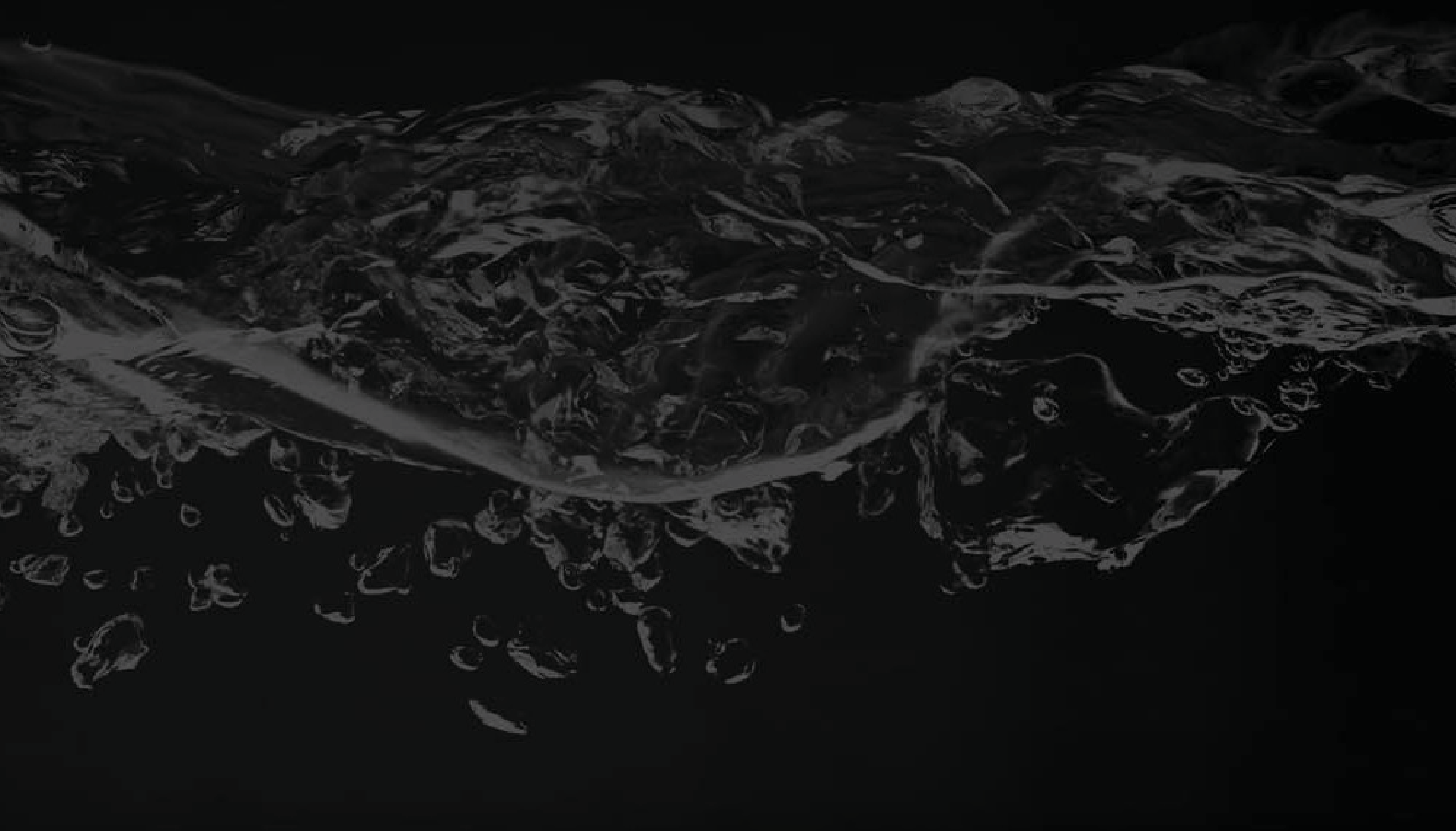
5. The Audit Review Report is attached

6. The *issuer* has a formally constituted audit committee.

Sign here: ....Date:16 March 2018
(*Director*/~~Company secretary~~)

Print name: Stuart McAuliffe

JOHN.BRIDGEMAN



INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017 JOHN BRIDGEMAN LIMITED ACN 603 477 185

John Bridgeman Limited
Contents
31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of John Bridgeman Limited (referred to hereafter as the 'Company' or 'parent entity') and its subsidiaries* (for purposes of the Accounting Standards) at the end of, or during, the half-year ended 31 December 2017.

* All references to subsidiary or subsidiaries in this report are for the purposes of the accounting standards only.

Directors
The following persons were directors of John Bridgeman Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Stuart McAuliffe - Managing Director
John McAuliffe AM - Chairman and Non-Executive Director
Rosario Patane - Non-Executive Director
Vincent Gordon - Non-Executive Director (appointed 3 October 2017)
Simon Richardson - Non-Executive Director (appointed 3 October 2017)

Principal activities
The principal activities of the Company during the financial half-year consisted of providing investment management services to Henry Morgan Limited, Bartholomew Roberts Ltd, and Benjamin Hornigold Ltd, as well as investing either directly or indirectly in listed and unlisted companies. Unlisted companies in which the Company has had a direct or indirect investment are based in various sectors, primarily:

- financial services including broking, proprietary trading and currency exchange;
- physical audits and mercantile agency services, as well as investigations, brand protection, surveillance, background screening and security sweeps across Australia and New Zealand;
- emerging ‘disruptive’ technology applications in the financial services sector; and
- international casual dining franchises as the master franchisee in Australia and New Zealand for the Johnny Rockets and Wingstop brands of restaurants.

Review of operations
The loss for the Group after providing for income tax and non-controlling interest amounted to $2,282,878 (31 December 2016: profit of $1,000,526).

The performance of the Group was particularly affected by the following events and transactions during the reporting period:

A fair value loss of $1,297,684 against shares held in Henry Morgan Limited ("HML") due to an extended period of voluntary suspension which precluded the use of a traded market price for those shares. The fair value loss reduced the carrying value of the shares from the 30 June 2017 amount of $6,298,515 to $5,000,831 based on the net asset value of HML in its 31 December 2017 Interim Financial Report.

An impairment charge of $852,973 creating a provision against purchased debt ledgers of $2,768,594 held in Growth Point Capital Pty Ltd ("GPC").

Losses totalling $776,412 from franchise operations in the process of development, including amortisation of master franchisee licence fees based on the term of those licences at a time when roll out of operations is in its infancy.

The Company and companies within the Group undertook the following significant acquisitions during the period:

- On 3 July 2017, Risk & Security Management Ltd ("RSM") acquired 100% of the issued shares in Australian Legal Support Group Pty Ltd ("ALSG") for consideration of $3,963,680. ALSG provides mercantile services and complements existing Group operations in that segment. RSM is a wholly owned subsidiary of JB Financial Group Ltd ("JBFG").

- On 18 August 2017, Birdzz Pty Ltd ("Birdzz") entered into an International Multi Franchise Agreement for Wingstop restaurants, covering Australia and New Zealand.

- On 12 September 2017, JBFG acquired Genesis Proprietary Trading Pty Ltd ("Genesis") for total consideration of $11,247,286, including $3,675,631 in cash, 2,071,658 debt assumed and 895,765 shares in JBFG at an issue price of $6.14 per share. Genesis is one of Australia's largest proprietary trading companies, with offices in Sydney, Manly and Warriewood.

- On 19 September 2017, JBFG entered into an asset transfer agreement with American Express Wholesale Currency Services Pty Ltd ("AMEX") to acquire the wholesale assets of AMEX. The assets included a specialised secured vault facility and accompanying assets. The vault facility provides JBFG with a competitive advantage through vertical integration of its existing retail currency exchange business in Crown Currency Exchange Pty Ltd. JBFG paid only a nominal amount for the assets and was assigned the lease on the premises where the vault is located.

- On 16 November 2017, JBFG acquired GPC through the issue of 20 shares in JBFG at an issue price of $7.90 per share. GPC was founded in 2015 and holds debt ledger assets which complement the mercantile agency operations of JBFG.

- On 16 November 2017, JBFG acquired Schuh Group Finance Pty Ltd ("Schuh Group") for a consideration of $1,000,000. Schuh Group is a consumer credit and mortgage broking business specialising in loan and refinancing services.

Other transactions:

Throughout the period the Company provided additional loans to Group entity Bartholomew Roberts Pty Ltd ("BRL") of $5,600,000 at between 5% and 9.65% pa interest, repayable in 12 months or on demand. The balance due from BRL to the Company was $6,700,058 at the end of the period including interest. That balance and subsequent advances were discharged by a debt for equity swap on 26 February 2018. Refer to Matters subsequent to the end of the financial half-year for further information on the swap.

On 11 September 2017, JBFG received a loan from Benjamin Hornigold Ltd ("BHD") of $2,200,000 at 9.65% pa interest. A maturity date of one year applies but is payable on demand and convertible into shares in JBFG or its wholly owned subsidiary, Genesis Proprietary Trading Pty Ltd at any time, at the option of the lender.

On 20 September 2017, JBFG issued 25,316 shares to the Company at $7.90 per share in exchange for $199,996 cash for working capital.

Significant changes in the state of affairs

During the period the Company issued a total of 2,736,528 fully paid ordinary shares, including a placement of 2,272,878 shares, each with a free attached option, at $2.05 per share, 91,500 shares at $1.10 pursuant to the exercise of options and 372,150 at $1.58 upon conversion of convertible notes. Shares on issue increased by 11.4% during the period.

The issues of shares by JBFG to the Company during the period and by BRL to the Company in a debt for equity swap subsequent to the end of the period have resulted in a reduction in the Non Controlling Interest in the consolidated entity.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 4 January 2018, the Company made an offer to acquire all of the issued shares in JBFG, and announced that, following completion of the proposed acquisition, it intends to lodge an application for admission to the Official List of the Australian Securities Exchange ("ASX"). The Company's offer was increased on 26 February 2018 with the proposed consideration for each JBFG share being three ordinary shares in the Company (being an increase of one half of an ordinary share in the Company per JBFG share over the 4 January 2018 offer consideration) and one option to acquire an ordinary share in the Company for $1.10 on or before 31 March 2020.

The offer is subject to:

- the finalisation and execution of any required transaction documents;

- the Company obtaining all relevant approvals and the consent of shareholders in accordance with applicable regulatory requirements, including the requirements of the National Stock Exchange of Australia ("NSX") Listing Rules and the Corporations Act 2001, and, if necessary, obtaining an independent expert's report if required by the NSX;

- the offerees obtaining all relevant approvals (if any) and the consent of shareholders, where necessary, in accordance with applicable regulatory requirements, including, where necessary, the obtaining of an independent expert's report.

As at 28 February 2018, the Company had received indicative confirmation of acceptance in respect of the revised offer from shareholders holding more than 98% of JBFG shares.

On 21 February 2018, the Company issued 42,000 fully paid ordinary shares pursuant to the exercise of options at $1.10 per share.

On 26 February 2018, Group entity BRL issued 764,885 shares to the Company at $9.50 per share in a debt for equity swap which extinguished $7,266,410 loans and interest, including $6,700,058 balance as at 31 December 2017 plus subsequent advances and accrued interest.

On 7 March 2018, the Company announced that the Directors have provided their indicative agreement to undertake a selective buy-back of 536,585 shares and options issued to BHD on 23 November 2017.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Stuart McAuliffe
Managing Director

16 March 2018
Brisbane

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of John Bridgeman Limited

I declare that, to the best of my knowledge and belief, in relation to the review of John Bridgeman Limited for the Half-year ended 31 December 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Simon Crane
Partner

Brisbane
16 March 2018

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

John Bridgeman Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

Revenue	5	26,076,471	2,102,170
Share of profits of associates accounted for using the equity method		-	43,400
Other income	6	(1,127,467)	1,647,513
Expenses			
Operating expenses	7	(9,283,223)	(169,410)
Commission and brokerage	8	(5,316,775)	(12,767)
Employee benefits expense		(11,133,994)	(1,331,784)
Administrative expenses		(1,868,778)	(585,612)
Other expenses		(3,370,787)	(565,602)
Impairment on purchased debt ledgers		(852,973)	-
(Loss)/profit before income tax benefit/(expense)		(6,877,526)	1,127,908
Income tax benefit/(expense)		1,989,161	(338,372)
(Loss)/profit after income tax benefit/(expense) for the half-year		(4,888,365)	789,536
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		537	1,347
Other comprehensive income for the half-year, net of tax		537	1,347
Total comprehensive income for the half-year		(4,887,828)	790,883
(Loss)/profit for the half-year is attributable to:			
Non-controlling interest		(2,605,487)	(210,990)
Owners of John Bridgeman Limited		(2,282,878)	1,000,526
		(4,888,365)	789,536
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(2,605,040)	(210,990)
Owners of John Bridgeman Limited		(2,282,788)	1,001,873
		(4,887,828)	790,883
		Cents	**Cents**
Basic earnings per share	27	(9.26)	5.70
Diluted earnings per share	27	(9.26)	4.59

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

John Bridgeman Limited
Statement of financial position
As at 31 December 2017

Assets			
Current assets			
Cash and cash equivalents	9	23,338,523	11,643,090
Balances held with brokers	10	3,043,002	-
Trade and other receivables		9,542,386	17,063,762
Inventories		61,464	48,039
Derivative financial instruments		184,059	-
Term deposits		730,408	593,793
Purchased Debt Ledgers	11	225,371	700,212
Other	12	265,130	395,692
Total current assets		37,390,343	30,444,588
Non-current assets			
Receivables		116,208	-
Investments at fair value through profit or loss		5,434,285	6,670,679
Property, plant and equipment	13	6,037,609	4,302,449
Intangibles	14	48,216,483	32,985,886
Purchased Debt Ledgers	16	1,690,250	2,099,788
Deferred tax	15	8,545,721	3,114,550
Other		659,419	91,113
Total non-current assets		70,699,975	49,264,465
Total assets		108,090,318	79,709,053
Liabilities			
Current liabilities			
Trade and other payables	17	28,654,801	8,378,468
Borrowings	18	2,657,874	2,228,943
Derivative financial instruments		114,010	-
Income tax	19	5,506,115	3,199,492
Provisions	20	1,254,215	792,138
Total current liabilities		38,187,015	14,599,041
Non-current liabilities			
Payables		24,473	1,212,283
Borrowings	21	5,701,364	5,813,467
Deferred tax	22	1,176,521	1,069,171
Provisions	23	809,496	542,342
Total non-current liabilities		7,711,854	8,637,263
Total liabilities		45,898,869	23,236,304
Net assets		62,191,449	56,472,749
Equity			
Issued capital	24	25,560,036	20,216,505
Reserves	25	(6,300,030)	(6,003,027)
Retained profits		596,242	2,879,120
Equity attributable to the owners of John Bridgeman Limited		19,856,248	17,092,598
Non-controlling interest		42,335,201	39,380,151
Total equity		62,191,449	56,472,749

The above statement of financial position should be read in conjunction with the accompanying notes

John Bridgeman Limited
Statement of changes in equity
For the half-year ended 31 December 2017

Consolidated	Issued capital $	Reserves (Note 25) $	Retained profits $	Non-controlling interests $	Total equity $
Balance at 1 July 2016	10,033,968	212,595	(1,144,080)	1,327,028	10,429,511
(Loss)/profit after income tax expense for the half-year	-	-	1,000,526	(210,990)	789,536
Other comprehensive income for the half-year, net of tax	-	1,347	-	-	1,347
Total comprehensive income for the half-year	-	1,347	1,000,526	(210,990)	790,883
Transactions with owners in their capacity as owners:					
Change in Non-Controlling Interest ("NCI") due to shares issued and transfers in subsidiaries	-	-	-	8,680,900	8,680,900
Acquisition of subsidiaries with NCI	-	-	-	440,101	440,101
Balance at 31 December 2016	10,033,968	213,942	(143,554)	10,237,039	20,341,395

Consolidated	Issued capital $	Reserves (Note 25) $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2017	20,216,505	(6,003,027)	2,879,120	39,380,151	56,472,749
Loss after income tax benefit for the half-year	-	-	(2,282,878)	(2,605,487)	(4,888,365)
Other comprehensive income for the half-year, net of tax	-	537	-	-	537
Total comprehensive income for the half-year	-	537	(2,282,878)	(2,605,487)	(4,887,828)
Share-holder interest reserve reclassified to Non-controlling interests	-	(297,540)	-	297,540	-
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 24)	4,797,712	-	-	-	4,797,712
Exercise of options on convertible debt	545,819	-	-	-	545,819
Acquisition of NCI interests in a subsidiary	-	-	-	(237,000)	(237,000)
NCI recognised as part of share-based acquisition of Group entity (note 29)	-	-	-	5,499,997	5,499,997
Balance at 31 December 2017	25,560,036	(6,300,030)	596,242	42,335,201	62,191,449

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cash flows from operating activities			
Receipts from customers		34,977,121	2,124,835
Payments to suppliers and employees		(37,207,080)	(2,798,466)
Net proceeds from sale of investments		-	154,897
Collections on purchased debt ledgers		66,821	-
Interest received		10,900	558
Interest paid		(238,286)	-
		(2,390,524)	(518,176)
Income taxes paid		(645,406)	-
Net cash used in operating activities		(3,035,930)	(518,176)
Cash flows from investing activities			
Payment for purchase of group entity, net of cash acquired	29	1,255,432	(5,848,009)
Payments for investments		-	(500,000)
Payments for property, plant and equipment	13	(1,850,057)	(129,849)
Payments for intangibles	14	(2,788,366)	(1,161,903)
Payments for financial instruments		(190,031)	(48,227)
Payments in respect of loans made		-	(940,000)
Payments for purchase of term deposits		(136,614)	(50,375)
Proceeds from disposal of investments		-	1,000,000
Net cash used in investing activities		(3,709,636)	(7,678,363)
Cash flows from financing activities			
Proceeds from issue of shares	24	8,119,567	8,680,000
Proceeds from borrowings		2,318,054	-
Funds received from investors		10,889,720	-
Repayment of borrowings		(2,886,342)	-
Net cash from financing activities		18,440,999	8,680,000
Net increase in cash and cash equivalents		11,695,433	483,461
Cash and cash equivalents at the beginning of the financial half-year		11,643,090	1,868,573
Cash and cash equivalents at the end of the financial half-year		23,338,523	2,352,034

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

These consolidated financial statements cover John Bridgeman Limited as a Group consisting of the Company and its subsidiaries at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

John Bridgeman Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9
123 Eagle Street
Brisbane QLD 4000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2018.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Impairment of Purchased Debt Ledgers (PDLs)
The carrying amount of the PDLs is regularly reviewed to ensure that the carrying amount is not impaired. PDLs are collectively assessed for impairment as they are not considered to be individually significant within the portfolio and they have similar credit risk characteristics. A PDL is considered to be impaired if the carrying amount exceeds the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the income statement. When a subsequent change in estimated future cash flows causes the amount of impairment loss to reverse, the reversal in impairment is recognised in the income statement to the initial amount of the original impairment loss.

Financial liabilities at fair value through profit or loss
Financial liabilities (including payables) held at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Convertible debt
Convertible debt is separated into a host liability and embedded derivative/s based on the terms of the agreement. On issuance of convertible debt, embedded options are valued using appropriate valuation techniques. The host debt component is initially measured using the residual amount after separating the embedded derivatives. The host debt is then carried at amortised cost using the effective interest rate method until it is extinguished on settlement.

An embedded derivative is a component of a hybrid instrument that includes a non-derivative host contract with the effect that some of the possible cash flows of the derivative vary to that of the host instrument, in that it is similar to a standalone derivative instrument.

The embedded derivative/s are separated from the host contract and accounted for separately if the economic characteristics and risks of the embedded derivative/s are not closely related to the economic characteristics and risks of the host contract. The embedded derivative/s are measured at fair value through profit or loss.

Note 2. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of quoted instruments is based on current bid prices. The fair value of privately held investments (and instruments that are linked to their value) which are not currently traded in public market are estimated using valuation techniques, such as the Income Approach, the Market Approach and the Cost Approach; these valuation approaches are included in Level 3 of the hierarchy. Factors considered in determining the fair value of these investments include but are not limited to, market conditions, purchase price, nature of investment, estimation of liquidity value, subsequent third party equity financing or significant change in operating performance or potential resulting in a change in valuation, and other pertinent information.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Carrying value of PDLs

The carrying value of the PDLs is regularly reviewed to ensure that the carrying amount is not impaired. PDLs are collectively assessed for impairment as they are not considered to be individually significant within the portfolio and they have similar credit risk characteristics. A PDL is considered to be impaired if the carrying amount exceeds the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the income statement. When a subsequent change in estimated future cash flows causes the amount of impairment loss to reverse, the reversal in impairment is recognised in the income statement to the initial amount of the original impairment loss.

Carrying value of Goodwill

All of the Group's goodwill is contained within JBFG and its subsidiaries. The Group has evaluated the recoverability of goodwill with reference to the Director's assessment of the fair value less costs of sale of JBFG and its subsidiaries. The fair value was determined at 30 June 2017 from management forecasts and the application of a multiple of 14.9. Revised forecasts and appropriateness of the multiple have been reviewed and it has been determined that there is no indication that a change is required in the carrying value of goodwill as at 31 December 2017.

Note 4. Operating segments

Operating segments are identified based on separate financial information which is regularly reviewed by the Managing Director and his immediate executive team (representing the Chief Operating Decision Maker) in assessing performance and determining the allocation of resources.

Note 4. Operating segments (continued)

Types of products and services
Investment Manager Services - This segment consists of the Group's provision of investment management services for clients and management of its own listed equity investments.

Operations of subsidiaries - This segment consists of the operational activities of entities included in the consolidated Group in accordance with AASB 10 Consolidated Financial Statements.

Operating segment information

Consolidated - 31 Dec 2017	**Investment Manager Services $**	**Operations of subsidiaries $**	**Total $**
Revenue			
Total segment revenue	1,752,047	24,510,573	26,262,620
Intersegment revenue	(186,149)	-	(186,149)
Total revenue	1,565,898	24,510,573	26,076,471
EBITDA	(3,041,745)	(2,764,919)	(5,806,664)
Depreciation and amortisation	(193,302)	(505,341)	(698,643)
Interest revenue	387	10,514	10,901
Interest expense	(202,961)	(180,159)	(383,120)
Intersegment interest revenue	186,149	-	186,149
Intersegment interest expense	-	(186,149)	(186,149)
Loss before income tax benefit	(3,251,472)	(3,626,054)	(6,877,526)
Income tax benefit			1,989,161
Loss after income tax benefit			(4,888,365)
Assets			
Segment assets	21,134,114	86,956,204	108,090,318
Total assets			108,090,318
Liabilities			
Segment liabilities	8,966,386	36,932,483	45,898,869
Total liabilities			45,898,869

Note 4. Operating segments (continued)

Consolidated - 31 Dec 2016	Investment Manager Services $	Operations of subsidiaries $	Total $
Revenue			
Total segment revenue	647,256	1,456,410	2,103,666
Intersegment revenue	(1,496)	-	(1,496)
Total revenue	645,760	1,456,410	2,102,170
EBITDA	1,235,300	(128,704)	1,106,596
Depreciation and amortisation	-	(6,500)	(6,500)
Interest revenue	28,929	184	29,113
Interest expense	-	(1,301)	(1,301)
Intersegment interest revenue	1,496	-	1,496
Intersegment interest expense	-	(1,496)	(1,496)
(Loss)/profit before income tax expense	1,265,725	(137,817)	1,127,908
Income tax expense			(338,372)
Profit after income tax expense			789,536
Consolidated - 30 Jun 2017			
Assets			
Segment assets	33,514,624	46,194,429	79,709,053
Total assets			79,709,053
Liabilities			
Segment liabilities	13,585,503	9,650,801	23,236,304
Total liabilities			23,236,304

Note 5. Revenue

	Consolidated	
	31 Dec 2017 $	31 Dec 2016 $
Sales revenue		
Foreign currency exchange revenue	4,959,128	-
Proprietary trading revenue	7,793,846	-
Professional services	8,891,112	735,943
Brokerage and commission	2,013,045	720,283
Restaurant sales	806,009	-
Interest income on purchased debt ledgers (a)	35,415	-
	24,498,555	1,456,226
Other revenue		
Management fees	883,536	616,831
Performance fees	683,479	-
Interest	10,901	29,113
	1,577,916	645,944
Revenue	26,076,471	2,102,170

(a) Interest income is recognised using the effective interest method as required under accounting standards. Interest is currently shown gross of the impairment provision to the carrying amount of purchased debt ledgers as a result of changes in estimated cash flows.

Note 6. Other income

	Consolidated	
	31 Dec 2017	31 Dec 2016
	$	$
Net foreign exchange gain	40,586	-
Net fair value (loss) / gain on investments	(1,297,684)	1,594,789
Net fair value gain on other financial assets and liabilities	85,866	-
Other income	43,765	52,724
Other income	(1,127,467)	1,647,513

Note 7. Operating expenses

	Consolidated	
	31 Dec 2017	31 Dec 2016
	$	$
Trading fee on foreign currency bank notes	243,439	-
Mercantile contractor costs	3,496,669	35,777
Restaurant cost of sales	720,430	-
Depreciation and amortisation	698,643	-
Purchased debt collection costs	186,774	-
Interest expense	383,119	-
Restaurant running costs	243,135	-
Rental expenses	1,648,072	133,633
Futures exchange fee	1,662,942	-
	9,283,223	169,410

Note 8. Commission and brokerage

	Consolidated	
	31 Dec 2017	31 Dec 2016
	$	$
Commissions paid to investment brokers	4,638,699	12,767
Commissions paid to traders	678,076	-
	5,316,775	12,767

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Currency held as stock (a)	12,909,655	2,763,176
Cash at bank	5,457,968	8,879,914
Cash on deposit	4,970,900	-
	23,338,523	11,643,090

(a) The Group holds cash in foreign currencies as stock for its currency exchange businesses. Foreign currency held as stock is accounted for at the Australian dollar equivalent based on the prevailing exchange rate at the close of business on the balance date. Foreign exchange gains and losses from the translation at year end exchange rates are recognised in profit or loss and classified as Other income.

Note 10. Current assets - Balances held with brokers

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Balances held with brokers	3,043,002	-

Balances with brokers is cash with investment brokers as security against open derivative positions and use of those funds is restricted until these open positions are settled.

Note 11. Current assets - Purchased Debt Ledgers

Purchased Debt Ledgers (PDLs) are recognised at fair value, that is their acquisition cost plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method. The interest rate method is applied at the level of individual tranches of PDLs by using a six-year cash collections forecast to determine an effective interest rate. The effective interest rate is the implicit interest rate based on forecast collections determined in the period of acquisition of an individual PDL and equates to the Internal Rate of Return ("IRR") of the forecast cash flows without any consideration of collection costs.

This effective interest rate is used over the collection life cycle to apportion cash collections between the principal and interest components. Changes in expected cash collections generates an adjustment to interest income in the period of the amended forecast.

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Purchased Debt Ledgers	225,371	700,212

Note 12. Current assets - other

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Prepayments	265,130	247,594
Licence fee deposit - non-refundable	-	148,098
	265,130	395,692

Note 13. Non-current assets - property, plant and equipment

	Consolidated 31 Dec 2017 $	Consolidated 30 Jun 2017 $
Leasehold improvements - at cost	4,004,954	2,013,486
Less: Accumulated depreciation	(368,676)	(22,344)
	3,636,278	1,991,142
Plant and equipment - at cost	1,545,385	1,317,632
Less: Accumulated depreciation	(100,097)	(59,183)
	1,445,288	1,258,449
Motor vehicles - at cost	1,052,968	1,084,323
Less: Accumulated depreciation	(96,925)	(31,465)
	956,043	1,052,858
	6,037,609	4,302,449

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Leasehold Improve-ments $	Plant & Equipment $	Motor Vehicles $	Total $
Balance at 1 July 2017	1,991,142	1,258,449	1,052,858	4,302,449
Additions	1,375,074	609,015	-	1,984,089
Additions through business combinations (note 29)	117,457	128,115	16,350	261,922
Disposals	-	(11,280)	(43,456)	(54,736)
Transfers in/(out)	325,802	(325,802)	-	-
Depreciation expense	(173,197)	(213,209)	(69,709)	(456,115)
Balance at 31 December 2017	3,636,278	1,445,288	956,043	6,037,609

Note 14. Non-current assets - Intangibles

	Consolidated 31 Dec 2017 $	Consolidated 30 Jun 2017 $
Goodwill - at cost	43,280,047	29,682,845
Licences - at cost	4,963,961	3,485,709
Less: Accumulated amortisation	(498,385)	(261,428)
	4,465,576	3,224,281
Software - at cost	479,936	82,390
Less: Accumulated amortisation	(9,076)	(3,630)
	470,860	78,760
	48,216,483	32,985,886

Note 14. Non-current assets - Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $	Licences $	Software $	Total $
Balance at 1 July 2017	29,682,845	3,224,281	78,760	32,985,886
Additions	-	1,478,252	371,991	1,850,243
Additions through business combinations (note 29)	13,602,645	-	25,680	13,628,325
Foreign exchange translation	(5,443)	-	-	(5,443)
Amortisation expense	-	(236,957)	(5,571)	(242,528)
Balance at 31 December 2017	43,280,047	4,465,576	470,860	48,216,483

Note 15. Non-current assets - deferred tax

	Consolidated 31 Dec 2017 $	Consolidated 30 Jun 2017 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses carried forward	3,585,862	2,226,316
Impairment of receivables	272,053	24,704
Property, plant and equipment	25,710	-
Provision for trader settlement	2,979,019	-
Provisions and other payables	1,051,118	700,211
Capital raising costs	102,624	93,089
Unrealised losses on investments	529,335	70,230
Deferred tax asset	8,545,721	3,114,550

Note 16. Non-current assets - Purchased Debt Ledgers

	Consolidated 31 Dec 2017 $	Consolidated 30 Jun 2017 $
Purchased Debt Ledgers	2,543,223	2,099,788
Provision for impairment (a)	(852,973)	-
	1,690,250	2,099,788

(a) Tranches of purchased debt ledgers are grouped together on the basis of similar credit characteristics for the purpose of calculating collective impairment losses. Collective impairment provisions are currently based on the historical loss experience in the industry applied to current available observable data on the tranches. The amount required to bring the collective provision for impairment to its required level is charged to profit or loss.

Refer to note 11 for more detail on PDLs.

Note 17. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Trade payables	5,629,154	6,627,826
Foreign currency bank note payable held at FVTPL (a)	10,889,720	-
Provision for trader settlement (b)	9,930,063	-
Licensing fee payable	1,065,372	1,086,352
Payable in respect of a Group entity acquisition	60,000	60,000
Accrued expenses	1,012,854	520,201
Interest payable on convertible notes	67,638	-
Other payables	-	84,089
	28,654,801	8,378,468

(a) Foreign currency banknotes are held in the custody of JBFX Wholesale Pty Ltd ("JBFX") (a wholly-owned subsidiary of JBFG). JBFX has secure storage facilities and operates a wholesale foreign currency business. The banknotes are traded and managed by JBFX on behalf of Benjamin Hornigold Limited ("BHD") and Henry Morgan Limited ("HML") under a services agreement which provides for a minimum return to the Company of 9% per annum on the Australian dollar value of the banknotes. Realised returns over 9% per annum on the banknotes are retained by JBFX as a fee for trading the banknotes on behalf of the BHD and HML. As custodian of the banknotes, any foreign exchange movement in the value of the banknotes accrues as part of the payable from the Group. The Group has designated the instrument at fair value through profit or loss. Trading fees of $243,440 on the banknotes are included in accrued expenses.

(b) Provision for trader settlement represents the commission payable to traders using Genesis's proprietary trading platform based on trading profits which the trader has generated. Traders may request a draw-down of commission on a monthly basis but regularly allow the commission to accumulate. That accounts for the significant amount of provision required in respect of commission which traders are entitled to withdraw.

Note 18. Current liabilities - borrowings

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Bank overdraft	203	332,822
Loans from related parties (a)	460,726	1,740,000
Host loan held at amortised cost (b)	2,117,397	-
Lease liability	79,548	156,121
	2,657,874	2,228,943

(a) On 10 July 2017, Growth Point Capital ("GPC") entered into a short term agreement with HML. A maturity date of one year from the advance date applies, together with a 5% p.a. interest rate. Should HML elect, the loan may be repaid wholly or in part by way of shares of GPC.

(b) On 11 September 2017, JBFG entered into a convertible loan agreement with BHD for $2,200,000. In the event of default, the loan is secured over 100% of the shares in Genesis, a wholly-owned subsidiary of JBFG. The agreement has a maturity of one year and a 9.65% annual interest rate applies. At BHD's election and at any time until maturity, the outstanding amount may be settled in cash, or, shares in JBFG at a fixed rate of $6.14 per share, or, shares in Genesis at $9.98 per share. In accordance with the Accounting Standards, the Group is required to split the instrument between host liability held at amortised cost and embedded derivatives held at fair value through profit or loss (refer to note 28).

Note 19. Current liabilities - income tax

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Provision for income tax	5,506,115	3,199,492

The provision for income tax includes $2,191,045 in respect of Genesis, a Group entity which was acquired 12 September 2017. The purchase price allocation in respect of that acquisition is yet to be finalised and may result in a change to the amount included in the provision for income tax.

Note 20. Current liabilities - provisions

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Employee entitlements	1,127,288	792,138
Deferred consideration	126,927	-
	1,254,215	792,138

Note 21. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Other	4,910	26,464
Convertible notes payable	3,276,074	3,798,701
Loan from related party	134,543	-
Lease incentive liability	1,367,573	1,097,522
Lease liability	918,264	890,780
	5,701,364	5,813,467

Note 22. Non-current liabilities - deferred tax

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Unrealised gains on financial assets	911,258	954,121
Interest receivable	53,193	45,690
Other current assets	53,406	63,477
Accrued revenue	149,266	-
Property, plant and equipment	9,398	5,883
Deferred tax liability	1,176,521	1,069,171

Note 23. Non-current liabilities - provisions

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Employee benefits	480,937	370,268
Lease make good	328,559	172,074
	809,496	542,342

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Note 24. Equity - issued capital

	Consolidated			
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	Shares	Shares	$	$
Ordinary shares - fully paid	26,724,945	23,988,417	25,560,036	20,216,505

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 25. Equity - reserves

	Consolidated 31 Dec 2017 $	Consolidated 30 Jun 2017 $
Foreign currency translation reserve	(873)	(1,410)
Share-based payments reserve	212,595	212,595
Convertible debt reserve	261,184	261,184
Shareholder change in interest reserve	(6,772,936)	(6,475,396)
	(6,300,030)	(6,003,027)

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share based payment reserve $	Shareholder change in interest reserve $	Convertible debt reserve $	Foreign currency translation reserve $	Total $
Balance at 1 July 2017	212,595	(6,475,396)	261,184	(1,410)	(6,003,027)
Foreign currency translation (net of tax)	-	-	-	537	537
Shareholder interest reserve reclassified to Non-controlling interests	-	(297,540)	-	-	(297,540)
Balance at 31 December 2017	212,595	(6,772,936)	261,184	(873)	(6,300,030)

Note 26. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 27. Earnings per share

	Consolidated 31 Dec 2017 $	Consolidated 31 Dec 2016 $
(Loss)/profit after income tax	(4,888,365)	789,536
Non-controlling interest	2,605,487	210,990
(Loss)/profit after income tax attributable to the owners of John Bridgeman Limited	(2,282,878)	1,000,526
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	24,652,316	17,563,300
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	4,217,484
Weighted average number of ordinary shares used in calculating diluted earnings per share	24,652,316	21,780,784
	Cents	**Cents**
Basic earnings per share	(9.26)	5.70
Diluted earnings per share	(9.26)	4.59

Antidilutive options were excluded from the dilutive EPS calculation, therefore the basic and diluted EPS are the same.

Note 28. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3: Unobservable inputs for the asset or liability.

Consolidated - 31 Dec 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investments	410,896	-	5,000,831	5,411,727
Investment in commodities	22,561	-	-	22,561
Derivative financial instruments	157,137	-	26,922	184,059
Total assets	590,594	-	5,027,753	5,618,347
Liabilities				
Foreign currency bank notes payable (a)	-	10,889,720	-	10,889,720
Convertible notes	-	3,276,074	-	3,276,074
Derivative financial instruments	-	-	114,010	114,010
Total liabilities	-	14,165,794	114,010	14,279,804

Consolidated - 30 Jun 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investments	6,649,775	-	-	6,649,775
Investment in commodities	20,904	-	-	20,904
Total assets	6,670,679	-	-	6,670,679
Liabilities				
Convertible notes	-	3,798,701	-	3,798,701
Total liabilities	-	3,798,701	-	3,798,701

(a) Trading fees of $243,440 on the banknotes are included in accrued expenses under "Trade and other payables" in the Statement of financial position.

Valuation techniques for fair value measurements categorised within level 3

Derivative financial instruments:

On 11 September 2017, Group entity, JBFG entered into a convertible loan agreement with BHD. The loan contains an embedded derivative liability which represents BHD's ability to convert any outstanding amount owing on the loan at any time to maturity into shares in JBFG or Genesis at a fixed price per share. The instrument also contains an embedded derivative asset, representing JBFG's ability to settle the loan at any time before the maturity date. Both JBFG and Genesis have unquoted equity instruments. As required under accounting standards, the instrument is classified as a hybrid instrument and is split between the host loan and embedded derivatives. The host loan is held at amortised cost (refer to note 18), whilst the embedded derivatives are valued using the Black-Scholes model. These derivatives are classified as level 3 in the fair value hierarchy.

Investments:

The shareholding in HML has been valued using the net asset value as published in the interim financial statements of HML for the half year ended 31 December 2017.

Note 28. Fair value measurement (continued)

Level 3 assets and liabilities

Consolidated	Derivative financial liabilities $	Derivative financial assets $	Investments $	Total $
Balance at 1 July 2017	-	-	-	-
Transfers into level 3	-	-	6,298,515	6,298,515
Additions	(153,904)	37,506	-	(116,398)
Net fair value loss on investments recognised in "Other income" in profit or loss	-	-	(1,297,684)	(1,297,684)
Net fair value gain on other financial assets and liabilities recognised in "Other income" in profit or loss	39,894	(10,584)	-	29,310
Balance at 31 December 2017	(114,010)	26,922	5,000,831	4,913,743

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Valuation method	Significant unobservable inputs	Sensitivity
Shareholding in HML	Net Asset Value ("NAV")	NAV of HML was unobservable until published on 28 February 2018	The Group has valued the share holding in HML with reference to the NAV of HML at 31 December 2017 (a)
Embedded derivative financial asset and liability	Black-Scholes pricing model	Volatility: 28.74% Risk free rate: 1.77%	There were no significant inputs into the models which could a materially affect the fair value of the instruments.

(a) The financial assets and liabilities recognised by HML at 31 December 2017 were carried at fair value. No other adjustments to the NAV have been applied at 31 December 2017. Refer to the HML Interim Financial Report for further detail in determining the value of the investments held by HML.

Note 29. Business combinations

Provisional accounting has been applied in respect of each of the business combinations made during the half year and will be finalised within one year of acquisition as required under the accounting standards.

On 3 July 2017 RSM, a wholly owned subsidiary of JBFG, acquired 100% of the ordinary shares of Australian Legal Services Group ("ALSG") for the total consideration transferred of $3,963,680. This company provides mercantile services and its results are recorded in the "Operations of Subsidiaries" segment of the Group. It was acquired to complement existing Group operations in that segment. The goodwill of $2,972,931 represents mainly the skills and technical talent of the workforce as well as the established reputation of ALSG. The acquired business contributed revenues of $1,903,240 and profit after tax of $130,709 to the Group for the period from 3 July 2017 to 31 December 2017. The contributed revenue and profit after tax if owned since for the whole period would be no different.

On 12 September 2017 JBFG acquired 100% of the ordinary shares of Genesis for the total consideration transferred of $11,247,286. This is a proprietary trading business and its results are recorded in the "Operations of Subsidiaries" segment of the Group. The goodwill of $ 9,679,321 represents the skills and technical talent of the workforce, the established reputation of Genesis and reduced costs which are expected as a result of economies of scale. The acquired business contributed revenues of $7,793,846 and profit after tax of $18,890 to the Group for the period from 12 September 2017 to 31 December 2017. If owned for the whole period Genesis would have contributed revenues of $11,969,344 and loss after tax of $222,342.

Note 29. Business combinations (continued)

On 16 November 2017 JBFG acquired 100% of the ordinary shares of Schuh Group for the total consideration transferred of $999,999. This is a consumer credit and mortgage broking business specialising in loan and refinancing services and its results are recorded in the "Operations of Subsidiaries" segment of the Group. It was acquired to complement existing Group operations in the mercantile space. The goodwill of $950,393 represents the established client base and the reputation of Schuh Group. The acquired business contributed revenues of $138,680 and profit after tax of $12,467 to the Group for the period from 16 November 2017 to 31 December 2017. If owned for the whole period Schuh Group would have contributed revenue of $435,379 and loss after tax of $37,409.

Details of the acquisitions are as follows:

	Genesis Proprietary Trading Pty Ltd Fair value $	Australian Legal Support Group Pty Ltd Fair value $	Schuh Group Finance Pty Ltd Fair value $	Total Fair value $
Cash and cash equivalents	10,420,625	593,565	61,748	11,075,938
Trade and other receivables	2,672,855	1,132,224	118,112	3,923,191
Income tax refund due	674,125	-	-	674,125
Other receivables	150,125	-	-	150,125
Prepayments	-	11,119	30,201	41,320
Property, plant and equipment	142,178	64,216	55,598	261,992
Software	25,680	-	-	25,680
Trade and other payables	(5,949,835)	(586,812)	(48,799)	(6,585,446)
Provision for income tax	-	(92,031)	-	(92,031)
Deferred tax liability	-	(11,634)	-	(11,634)
Employee benefits	-	(119,898)	-	(119,898)
Loans	-	-	(167,254)	(167,254)
Provision for trader commissions	(6,453,106)	-	-	(6,453,106)
Other provisions	(114,682)	-	-	(114,682)
Net assets acquired	1,567,965	990,749	49,606	2,608,320
Goodwill	9,679,321	2,972,931	950,393	13,602,645
Acquisition-date fair value of the total consideration transferred	11,247,286	3,963,680	999,999	16,210,965
Representing:				
Cash paid	3,675,631	3,836,753	-	7,512,384
John Bridgeman Limited shares issued to vendor	5,499,997	-	-	5,499,997
Deferred consideration	-	126,927	-	126,927
Debt assumption / Debt conversion	2,071,658	-	999,999	3,071,657
	11,247,286	3,963,680	999,999	16,210,965

Note 30. Related party transactions

Parent entity
John Bridgeman Limited (the Company) is the parent entity.

Note 30. Related party transactions (continued)

In the normal course of business, the Group transacts with related parties. All transactions are on normal commercial terms and conditions. During the year ended 31 December 2017, the following related party transactions occurred:
(i) The compensation arrangements with the Chairman and each of the Executive Directors;
(ii) The interest in the Company held directly and indirectly by the Chairman, Non-Executive Directors and Executive Directors
(iii) Various loans, agreements and equity transactions that occurred between entities within the Group and with associated entities on normal commercial terms.

The following abbreviations have been used throughout the transaction details below:

BRL Bartholomew Roberts Pty Ltd
HML Henry Morgan Limited
JBFG JB Financial Group Ltd
JBM JB Markets Pty Ltd
JRR JR Restaurants Australia Pty Ltd
RSM Risk & Security Management Pty Ltd
GPC Growth Point Capital Pty Ltd
JBFX JBFX Wholesale Pty Ltd

Other transactions

	Consolidated	
	31 Dec 2017	31 Dec 2016
	$	$
Revenue earned (excludes tax):		
Management and performance fees charged to HML by the Company	806,510	616,831
Brokerage fees charged to HML by JBM	595,294	-
Expenses incurred:		
Interest expense on loan from HML to GPC	10,726	-
Trading investment return payable to HML on foreign currency bank notes traded on its behalf by JBFX	63,191	-

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Receivables:		
Receivable due to the Company from HML for management and performance fees	461,109	3,580,141
Receivable due to JBM from HML for brokerage fees	76,230	584,816
Loans and other payables:		
Foreign currency banknotes deposited by HML with JBFX for trading on its behalf (a)	621,025	-
Trading fee on foreign currency bank notes payable included in accrued expenses (a)	63,191	-
Short term loan from HML to GPC (b)	460,726	-

(a) Refer to note 17(a) for further detail.

(b) Refer to note 18(a) for further detail.

On 9 November 2017, Bryan Cook, as Director of RSM, provided Ashdale Integrity Solutions Pty Ltd (a wholly owned subsidiary of RSM), $85,806 on a short-term basis. As at 31 December 2017, this amount remained outstanding in trade payables.

Note 31. Events after the reporting period

On 4 January 2018, the Company made an offer to acquire all of the issued shares in JBFG, and announced that, following completion of the proposed acquisition, it intends to lodge an application for admission to the Official List of the Australian Securities Exchange ("ASX"). The Company's offer was increased on 26 February 2018 with the proposed consideration for each JBFG share being three ordinary shares in the Company (being an increase of one half of an ordinary share in the Company per JBFG share over the 4 January 2018 offer consideration) and one option to acquire an ordinary share in the Company for $1.10 on or before 31 March 2020.

The offer is subject to:

- the finalisation and execution of any required transaction documents;

- the Company obtaining all relevant approvals and the consent of shareholders in accordance with applicable regulatory requirements, including the requirements of the National Stock Exchange of Australia ("NSX") Listing Rules and the Corporations Act 2001, and, if necessary, obtaining an independent expert's report if required by the NSX;

- the offerees obtaining all relevant approvals (if any) and the consent of shareholders, where necessary, in accordance with applicable regulatory requirements, including, where necessary, the obtaining of an independent expert's report.

As at 28 February 2018, the Company had received indicative confirmation of acceptance in respect of the revised offer from shareholders holding more than 98% of JBFG shares.

On 21 February 2018, the Company issued 42,000 fully paid ordinary shares pursuant to the exercise of options at $1.10 per share.

On 26 February 2018, Group entity BRL issued 764,885 shares to the Company at $9.50 per share in a debt for equity swap which extinguished $7,266,410 loans and interest, including $6,700,058 balance as at 31 December 2017 plus subsequent advances and accrued interest.

On 7 March 2018, the Company announced that the Directors have provided their indicative agreement to undertake a selective buy-back of 536,585 shares and options issued to BHD on 23 November 2017.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

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Stuart McAuliffe
Managing Director

16 March 2018
Brisbane

Independent Auditor's Review Report

To the shareholders of John Bridgeman Limited

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of John Bridgeman Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the ***Interim Financial Report*** of John Bridgeman Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2017 and of its performance for the ***Half-year*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2017
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 31 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises John Bridgeman Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Group's financial position as at 31 December 2017 and its performance for the Half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of John Bridgeman Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

KPMG

KPMG

Simon Crane
Partner

Brisbane
16 March 2018